

Managing Director's Address to Shareholders
AGM – 27 November 2009

As mentioned in the Managing Director's Report in the Annual Report, it's worthwhile this year spending less time on where we have been and more on where things are going. So much has changed recently, and there is more change to come. I have included in the slides an "historical performance dashboard" and a number of charts but don't propose to spend a lot of time on them – they are self-explanatory and, as they say, "a picture tells a thousand words". Today, I propose to talk more about the future.

The very first draft for this year's Managing Director's report was undertaken at a time when Bernie Ripoll was finalising his findings on the Parliamentary Inquiry into Financial Products and Services in Australia, and Jeremy Cooper was presenting to ASFA what may turn out to be one of the most seminal presentations in the history of Australian superannuation.

So it is with some trepidation that I look into the crystal ball and opine as to where the industry may be going. But as I unashamedly said in the Managing Director's Report, in so far as change and reform is concerned, bring it on.

Specifically in relation to the Ripoll inquiry, the recommendations were handed down last Monday. It calls for a consultative and industry approach to reform, including the eventual removal of payments from product manufacturers to advisers. ***Let me point out that we always anticipated and welcomed this move.*** Here they are talking about product based commissions and similar payments that distort the giving of appropriate advice, i.e. advice that is unduly skewed to a manufacturer's product.

Indeed, on page 10 of The Managing Director's Report we expressly say:

"Pricing mechanisms that unduly skew advice towards certain product solutions need to go"

Interestingly, the Ripoll Inquiry report also calls for:

- The financial planning industry to be subject to higher professional standards – given the standing of all our advisers, we welcome that move
- The Government to consider making the cost of financial planning tax-deductible – if the Government wants Australians to have a decent retirement (which they surely do), then this recommendation is to be roundly applauded

- Advisers to have a “fiduciary duty” to place their clients’ interests first – we have no argument with this in principle and, if adopted, we look forward to some granularity on what constitutes a fiduciary duty in the context of giving advice to clients, ranging from accumulators to high net worth retirees, particularly as it applies to also delivering economies of scale via preferred platforms and investment portfolios.

All up, we see the recommendations as sensible and consistent with our long standing strategy to be specialist wealth advisers who put their clients first with professional advice and effective product solutions – a strategy that puts us in the driver’s seat as the people best placed to understand clients’ needs and deliver appropriate solutions.

We have consistently maintained that sensible reform is needed and Snowball was established some nine years ago with change in mind, and with the view that the advice industry in particular needed to change for the benefit of consumers. And on that point, it seems to us that much of the posturing in the industry misses the point. At the end of the day, the consumer is our ultimate master. Around 80% of Australians don’t receive advice. I can’t envisage new customers fully embracing advice (even though they should) unless and until the industry embraces further change. Snowball was founded on the basis that advice needed to be done differently, and to continuously adapt and improve over time, in order to attract a wider market. We maintain that view to this day. And before the critics reach for a brickbat, I’m not for one minute suggesting that we are perfect. The Snowball culture recognises that there is always room for improvement, and as outlined later on, we are committed to making changes in light of both external reform and our own internal continuous improvement programs.

Specifically in relation to the regulator’s desire to facilitate that process following the Ripoll recommendations, our impassioned plea is as set out in the Managing Director’s Report:

- Use a sharp instrument to excise the excesses and poor practices of the industry
- In so doing ensure that consumers can readily ascertain who is doing what in the supply chain, and for what fee (then they can make up their mind as to whether to use that supplier and whether they receive value from the supplier in whatever form that supplier prices (dollar based or asset based) its services (advice, asset management or portfolio administration)
- Be very mindful of pricing mechanisms or business models that unduly skew advice towards certain product solutions, particularly where product manufacturers are subsidising one part of the supply chain via distorted charging in other links in the chain.

In relation to the last point, we take our hat off to Alan Kohler writing in the Business Spectator who highlighted the possibility that regulatory change may wittingly or unwittingly facilitate the

creation of behemoth product manufacturers (read big banks, big life companies and quite possibly big super funds) who take themselves outside the purview of freshly regulated financial planning so as to relentlessly sell in-house product using “tied” product distributors.

In that vein, it might be a case of careful what you wish for when formulating regulatory change. Jeremy Cooper while seemingly advocating for “Bigger is Better” did raise the risk of succumbing to the “too big to fail” syndrome that nearly brought the house down during the global financial crisis.

In one sense the Storm debacle epitomised the problem. It has been said that Storm was a case of product manufacturing behemoths working hand in glove with an up-front commissions based adviser excessively gearing consumers’ portfolios.

Far better, therefore, to use the regulatory zeal to create a highly competitive market that doesn’t unduly favour either the product manufacturing behemoths or the one-dimensional minnows with excessive practices. Such an admittedly “Goldilocks” solution would be undoubtedly in the best interests of the consumer.

In light of that, and before we cover our strategy for the future, it’s worth re-iterating who we are and what we do. Interestingly, in an environment where parts of our industry are being brought to account, it’s also worth pointing out what we’re not.

We are specialist wealth advisers

Who we are – overview of the Snowball Group



The slide is a white rectangular area with an orange border. It contains the title 'Who we are – overview of the Snowball Group' at the top. Below the title are two columns of text, each preceded by a logo. The left column features the 'outlook financial solutions' logo and three bullet points. The right column features the 'westernpacific FINANCIAL GROUP' logo and two bullet points. Below these columns are the logos for 'DUNCAN ID DOVICO' and 'outlook tax & accounting solutions', followed by two more bullet points. At the bottom right of the slide is the 'snowball GROUP LIMITED' logo.

- Employed, salaried adviser model
- 10 offices and 39 advisers across NSW, VIC, QLD and WA
- Includes our corporate superannuation consulting business, and affinity partner model

- Franchise dealer group, principal owner operators
- 19 practices and 55 advisers across NSW, VIC, QLD, WA and SA

DUNCAN ID DOVICO outlook tax & accounting solutions

- Our accounting / SMSF JV – houses the Duncan Dovico and Outlook Tax and Accounting Solutions practices in NSW and VIC
- Approx. \$10m in annual turnover (Snowball's share approx. \$3m)

snowball GROUP LIMITED

We are specialist wealth advisers. We provide strategic advice and on-going advice to retirees, pre-retirees, accumulators and employees (via their workplace superannuation arrangements), from beginning to end.

We advise on superannuation and non-super, tax and accounting services, as well as insurance. We implement the advice through the careful selection and offering of portfolio investment management and administration systems that suit our clients' needs and which deliver productivity and efficiency gains. Scale counts and we strive to achieve scale benefits for the benefit of our clients.

Snowball is a well established, specialist wealth adviser group

- Diversified across:
 - Distribution models
 - Consumer segments
 - Revenue lines
- Corporatised, scalable approach to advice
- Critical mass – economies of scale
- Proven organic and inorganic growth strategy

3

snowball
GROUP LIMITED

Recently, the Australian Financial Review (24 November 2009 at page 47) reported that the “big six financial planner groups (read institutionally owned) place about 73% of their clients’ superannuation money in in-house products....AMP 82%.....”.

We aim to be a leader among the wealth advisers that provide non-aligned advice, without this type of association (recognising that we will use preferred platforms and portfolios to drive economies of scale on behalf of clients and shareholders alike).

snowball
G R O U P

Our FY09 results - the year in review

Performance dashboard

	FY05	FY06	FY07 ¹	FY08	FY09	% growth p.a.
Operating EBITDA	1,174	2,715	9,420	10,990	10,001	72%
Operating EBITDA per share	2.56	4.79	6.62	7.35	6.55	27%
Cost to income ratio	86%	79%	65%	62%	61%	-6%
Dividends (cps)	0.0	1.0	2.0	3.5	3.0	44%

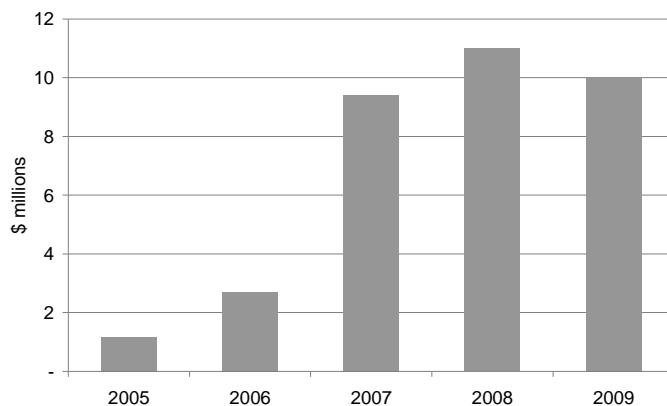
1. Based on pro forma results, assuming Outlook and WPGF merged as at 1 July 2006 (Effective date 7 February 2007).

7

snowball
GROUP LIMITED

Our growth trajectory

Snowball has grown EBITDA by an average of 72% p.a. since 2005



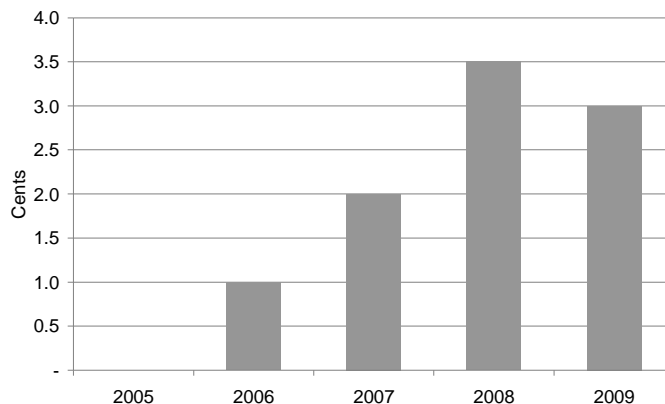
Note: 2007 based on pro forma results, assuming Outlook and WPGF merged as at 1 July 2006 (Effective date 7 February 2007).

4

snowball
GROUP LIMITED

A history of increasing returns to shareholders

Snowball has grown dividend by an average of 44% p.a. since 2006



Note: 2007 based on pro forma results, assuming Outlook and WPFPG merged as at 1 July 2006 (Effective date 7 February 2007).

5

snowball
GROUP LIMITED

As mentioned earlier, I don't propose to cover last financial year's results in detail. The Annual Report and the slide presentation lodged today with the ASX serves that purpose and our Chairman, Quentin Jones, covered the highlights in his address today. Overall, suffice it to say that, despite the difficult trading conditions, Snowball's diversified advice business and conservatively positioned investment portfolios, together with our proven acquisition strategy and ability to contain costs, stood your company in good stead in FY09. And, importantly, overall our key performance indicators are in line with our expectations for FY10.

snowball
G R O U P

The year ahead

Our environment is changing

Snowball aims to be at the forefront in dealing with the industry changes

Regulatory changes

- Pressure on fees
- Increased transparency
- Pricing models questioned

Investment markets

- Return dispersion, dynamic asset allocation, pricing of active management
- Emphasis on risk management

Consumer sentiment

- Value for money
- Trust continues to be very important
- Consumer self direction and connection with their investments

Industry dynamics

- Increased competition coupled with external margin pressure
- Changing dynamics in the interplay of the value chain
- Relentless baby boomers; different mindset among their offspring

13

snowball
GROUP LIMITED

As presented in our Annual Report, the operating environment taken into account for our FY10 planning includes the following factors:

Regulatory change

- Greater scrutiny of those selling financial products, particularly around conflicts that inappropriately skew advice towards certain product solutions
- The removal of various pricing models such as commissions
- Heightened demand for disclosure, with an emphasis on professional standards and the transparency of the offer and pricing
- Pressure on fees and costs generally, particularly around superannuation

Investment markets

- Significantly changed investment markets and the likelihood of return dispersion among the asset (sub) classes
- Emphasis on risk management, capital protection and income products for retirees
- Greater awareness of personal insurance as a wealth protection strategy

Consumer sentiment

- More emphasis on value for money and liquidity
- Less trusting, more wary consumers, with a greater emphasis on transparency and simplicity

snowball
G R O U P

- Wariness of an over-crowded, overly complex supply chain
- A leaning towards greater self-direction among some consumer segments (e.g. higher net worth consumers and Generations X and Y)
- Continuing baby-boomer demand for retirement advice
- **Industry dynamics**
 - Increased competition from the banks and industry funds, with the resulting need to clearly differentiate our non-aligned, advice-centric offer
 - Continued growth of self-managed super funds
 - Greater segmentation of consumer offers (e.g. simple, limited advice for accumulators and more self directed offers for the higher net worth pre-retirees)
 - Industry consolidation and rationalisation
 - Margin pressure, particularly at the portfolio management and administration end of the supply chain
 - Changing dynamics in relation to administration platforms, with concentration among platform suppliers (and the rise of industry funds as recognized, retail platforms) and the emergence of alternative technology such as “virtual platforms” and other portfolio administration services.

FY10 strategic responses

Evaluate Resolve Implement

FY10 FY11

Snowball is well placed to capitalise on the reforms and industry rationalisation

FY10 business initiatives – evaluation and resolve phase:

- Enhance our internal fund of fund management and investment research capability to assist in delivering more effective investment solutions and reduce costs for our clients, and provide control over more segments of the value chain to assist in lowering overall cost to consumers while maintaining our margins
- Improving our traditional portfolio management and administration offerings, to deal with all aspects of the mooted regulatory change
- Evaluating and deploying new administration platform technologies, to enhance our range of services and available investment options for clients
- Continuous business improvement by rolling out incremental enhancements to the existing “core business”, to further reduce our cost to income ratio
- Enhancing our internal insurance capability, to meet the growing demands of our clients whilst further growing and diversifying our revenue base

16

Our considered response to this operating environment in FY10 includes the following:

- Enhancing our internal fund of fund management and investment research capability, to deliver more effective investment solutions and reduce costs for our clients whilst maintaining our margins
- Improving our traditional portfolio management and administration offerings, to deal with all aspects of mooted regulatory change
- Evaluating and deploying new administration platform technologies, also to enhance the range of available investment options and reduce costs for our clients whilst maintaining our margins
- Continually improving our model by rolling out incremental enhancements to the existing “core business”, to further reduce our expense ratio
- Enhancing our internal insurance capability, to meet the growing demands of our clients whilst further growing and diversifying our revenue base.

Looking forward



- Actively deliver on our stated strategic initiatives to respond to the changing industry environment without losing “core business” momentum
- Continue to cautiously pursue inorganic growth opportunities
- Review and develop other initiatives to enhance company value:
 - Branding strategy
 - Long term funding requirements to support future growth
 - Composition and liquidity of the company's share register

During the course of FY10 we will also be looking at ways in which we can develop:

- Our branding strategy
- Our long term funding requirements to support greater growth levels over time (and on that note, we have recently secured an additional \$10 million debt facility with our Bankers in support of future growth)

- Increased liquidity of the company's share register.

As mentioned earlier, throughout all of this, we will be looking to respond to change, be it regulatory, market driven or by consumer demand, while at the same time looking to maintain our "core business" momentum that has stood us in good stead in the past.

We will also continue to pursue our proven acquisition strategy, including highly selective opportunities to expand our accounting and self-managed superannuation capability in the major capital cities.

In closing, Australia's retirement incomes policy is doomed in the absence of a strong advice industry. Snowball aims to be at the forefront of the changes that our industry needs to embrace. We are not waiting for the regulator. We understand how to capitalise on our non-alignment, existing critical mass and strong compliance culture, to produce better outcomes for our clients and shareholders alike. I have outlined some of these today and no doubt there will be more to come.

I finished the Annual Report with a special thanks to our practitioners, staff and support crew. I aim to do the same here. FY09 was a tough year and we have asked the team to also step up this year – a year of change with the resulting need to sometimes accelerate our responses to that change. We are asking our people this year to embrace a number of "new ways", from more rigorous internal communication and shared learning processes to heightened customer service programs. All of these are intended to improve staff satisfaction, the client experience and shareholder returns, all at the same time. I am confident that we are up for it, making Snowball an attractive place in which to work, seek advice or to invest.

Our thanks go to all of the team, our business partners, and to our supportive shareholders.

And fittingly and finally, we thank our clients. FY09 was an "interesting year" for any investor, no matter how large or small. We trust that we were able to help in many ways to live through such unprecedented "interesting times". The on-going support of our customers to date gives us some confidence that we got it right more often than not.

Presentation to the 2009 Annual General Meeting

27 November 2009

sn^owball
GROUP LIMITED

Who we are – overview of the Snowball Group



- Employed, salaried adviser model
- 10 offices and 39 advisers across NSW, VIC, QLD and WA
- Includes our corporate superannuation consulting business, and affinity partner model



- Franchise dealer group, principal owner operators
- 19 practices and 55 advisers across NSW, VIC, QLD, WA and SA



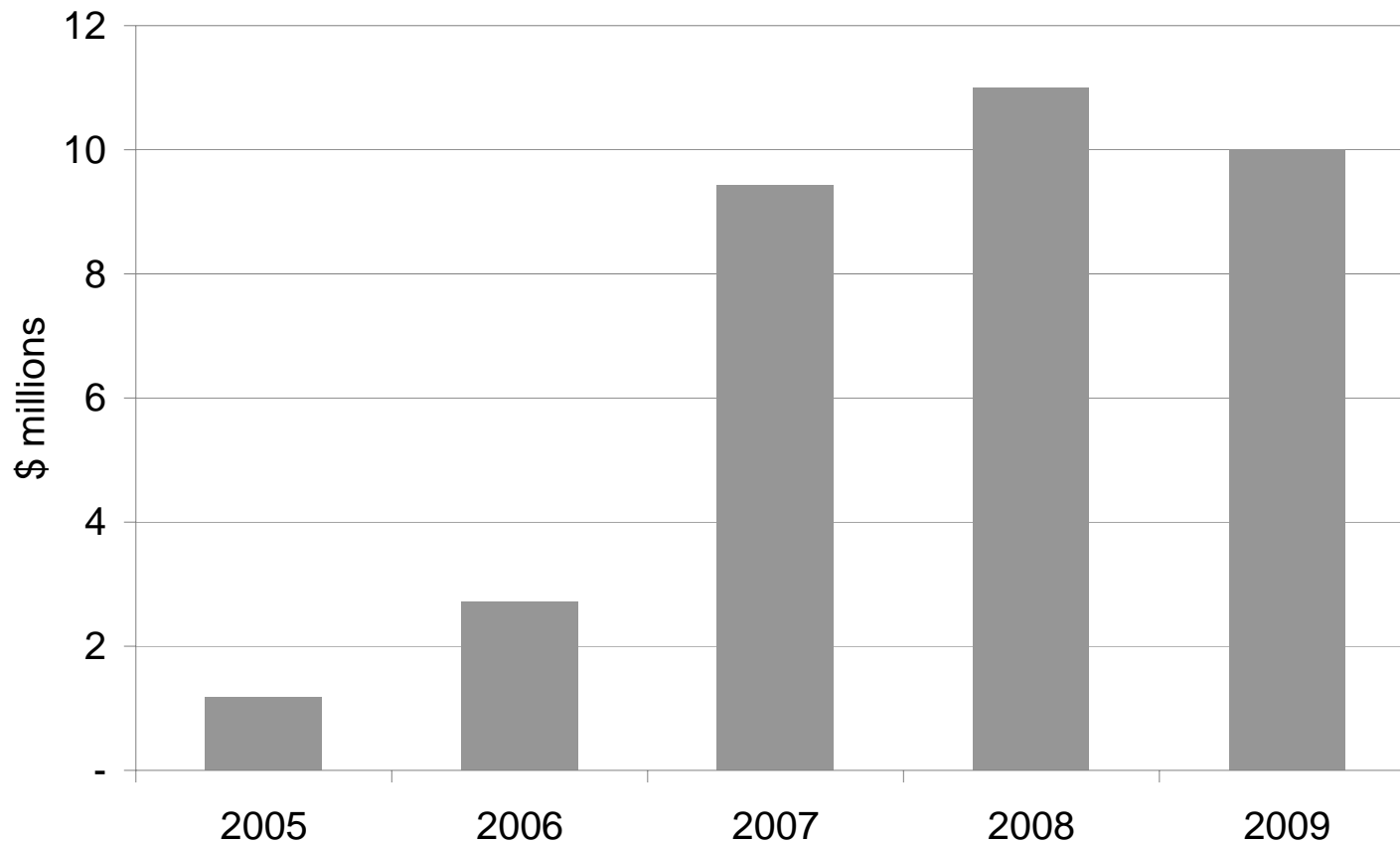
- Our accounting / SMSF JV – houses the Duncan Dovico and Outlook Tax and Accounting Solutions practices in NSW and VIC
- Approx. \$10m in annual turnover (Snowball's share approx. \$3m)

Snowball is a well established, specialist wealth adviser group

- Diversified across:
 - Distribution models
 - Consumer segments
 - Revenue lines
- Corporatised, scalable approach to advice
- Critical mass – economies of scale
- Proven organic and inorganic growth strategy

Our growth trajectory

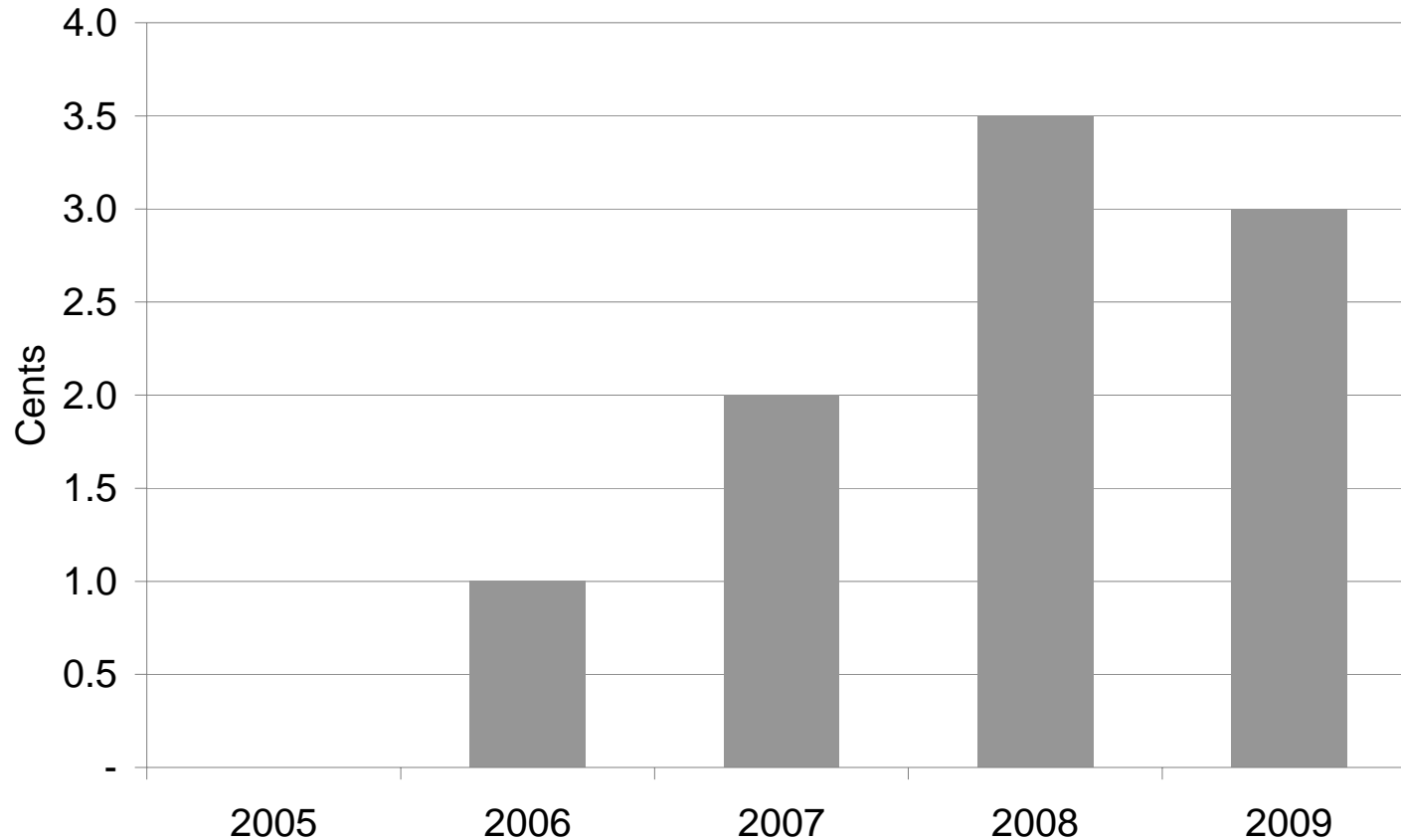
Snowball has grown EBITDA by an average of 72% p.a. since 2005



Note: 2007 based on pro forma results, assuming Outlook and WPKG merged as at 1 July 2006 (Effective date 7 February 2007).

A history of increasing returns to shareholders

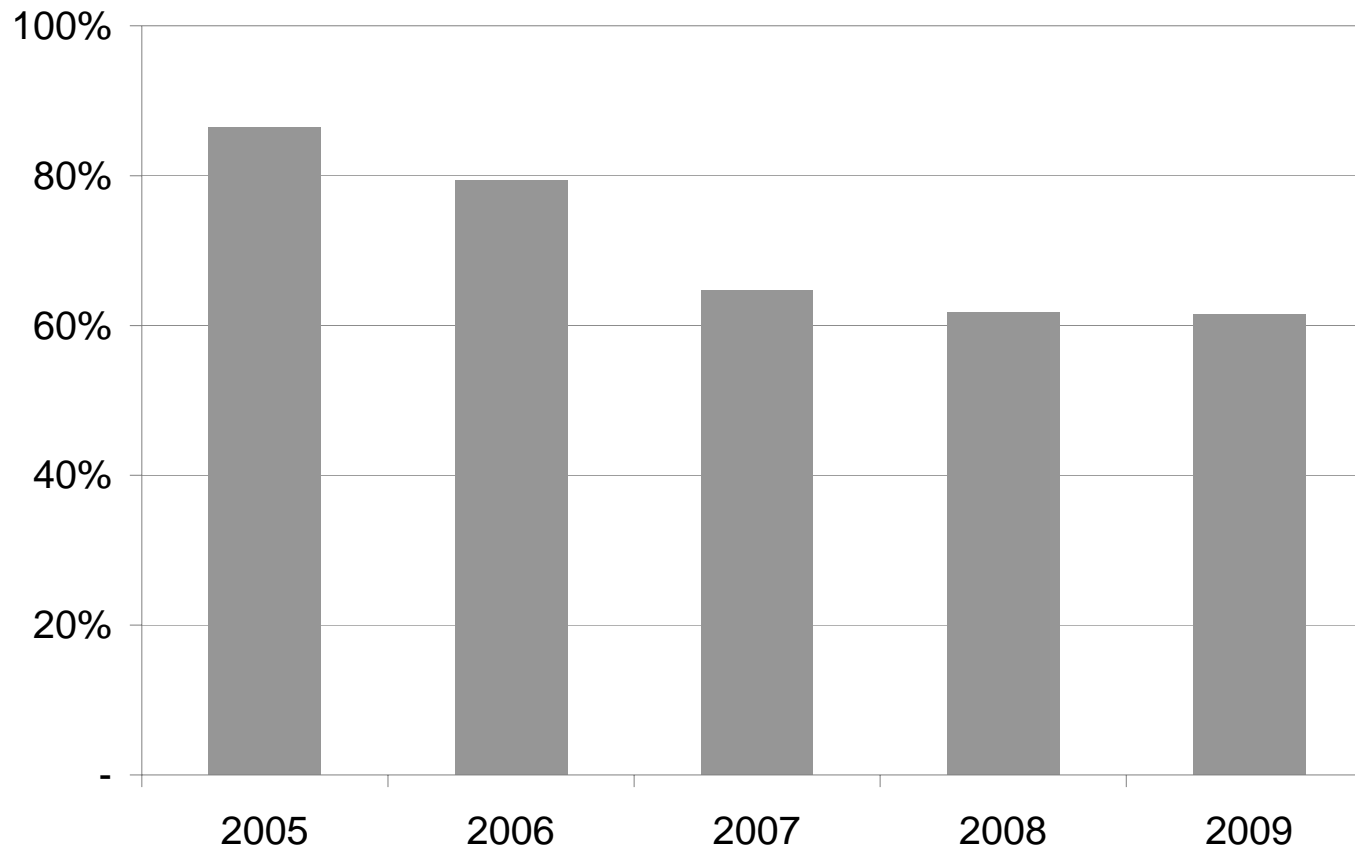
Snowball has grown dividend by an average of 44% p.a. since 2006



Note: 2007 based on pro forma results, assuming Outlook and WPFG merged as at 1 July 2006 (Effective date 7 February 2007).

A measure of Snowball's efficiency

Snowball cost to income ratio has improved by an average of 6% p.a. since 2005



Note: 2007 based on pro forma results, assuming Outlook and WPFG merged as at 1 July 2006 (Effective date 7 February 2007).

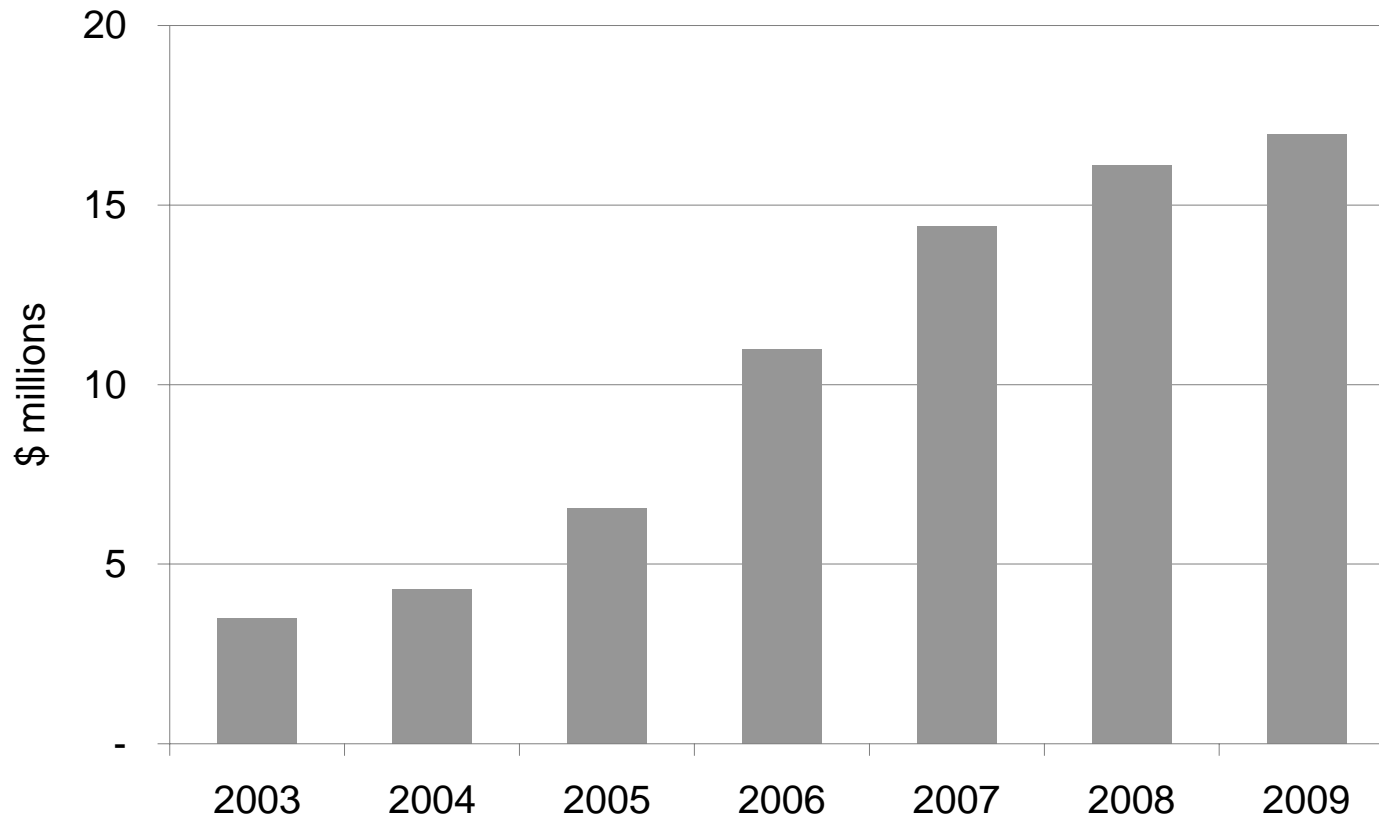
Performance dashboard

	FY05	FY06	FY07 ¹	FY08	FY09	% growth p.a.
Operating EBITDA	1,174	2,715	9,420	10,990	10,001	72%
Operating EBITDA per share	2.56	4.79	6.62	7.35	6.55	27%
Cost to income ratio	86%	79%	65%	62%	61%	-6%
Dividends (cps)	0.0	1.0	2.0	3.5	3.0	44%

1. Based on pro forma results, assuming Outlook and WCFG merged as at 1 July 2006 (Effective date 7 February 2007).

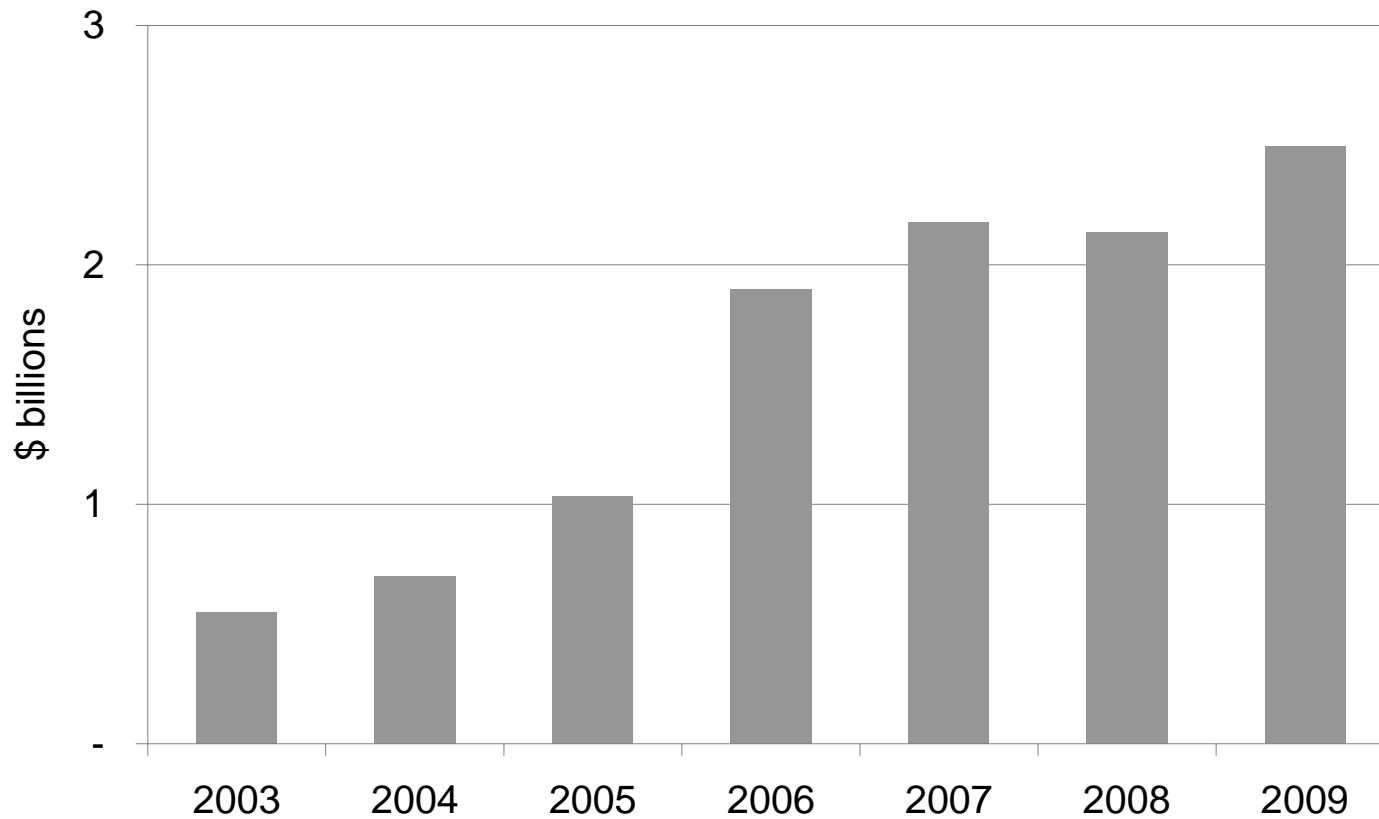
Outlook revenue growth

Outlook revenue has grown by an average of 30% p.a. since 2003



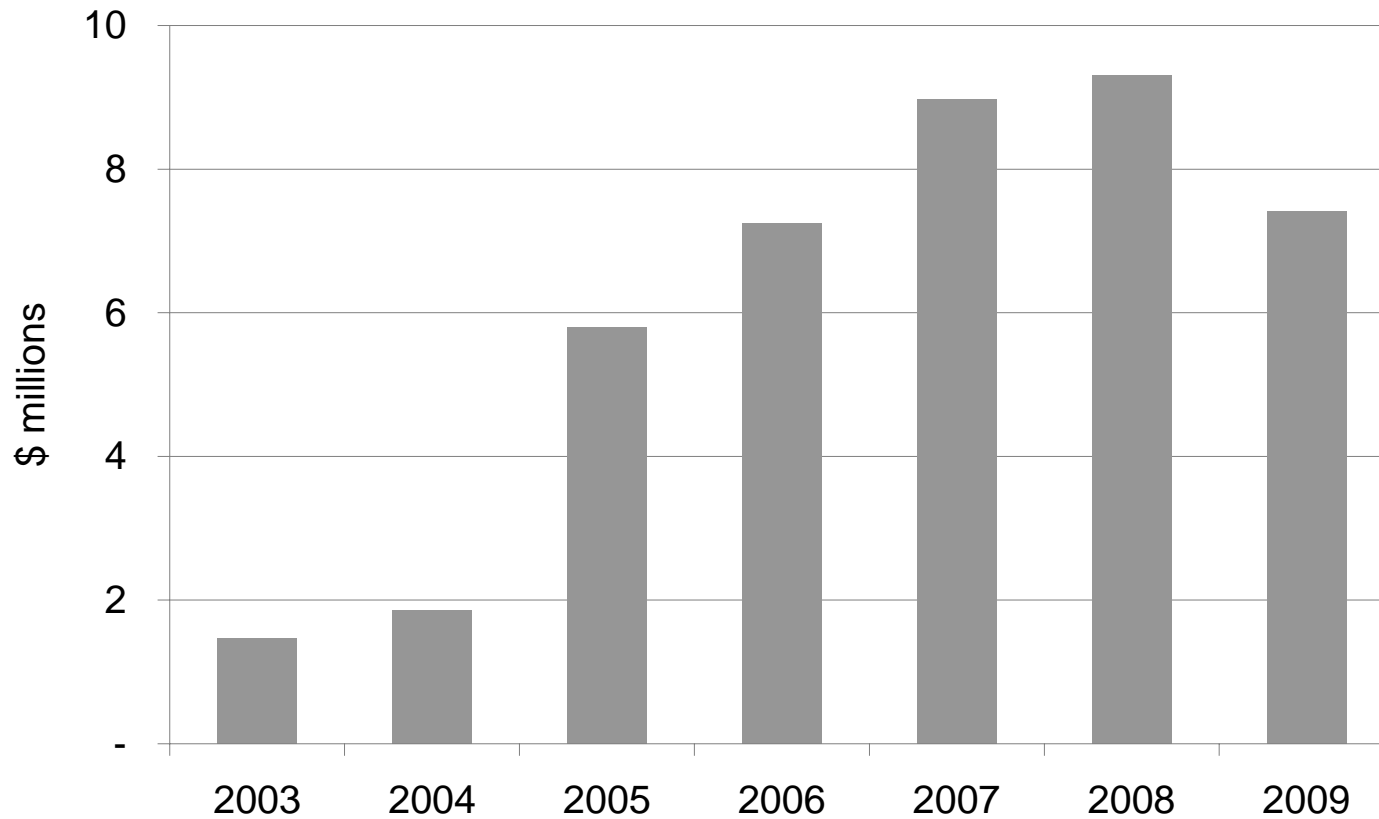
Outlook FUA growth

Outlook FUA has grown by an average of 29% p.a. since 2003



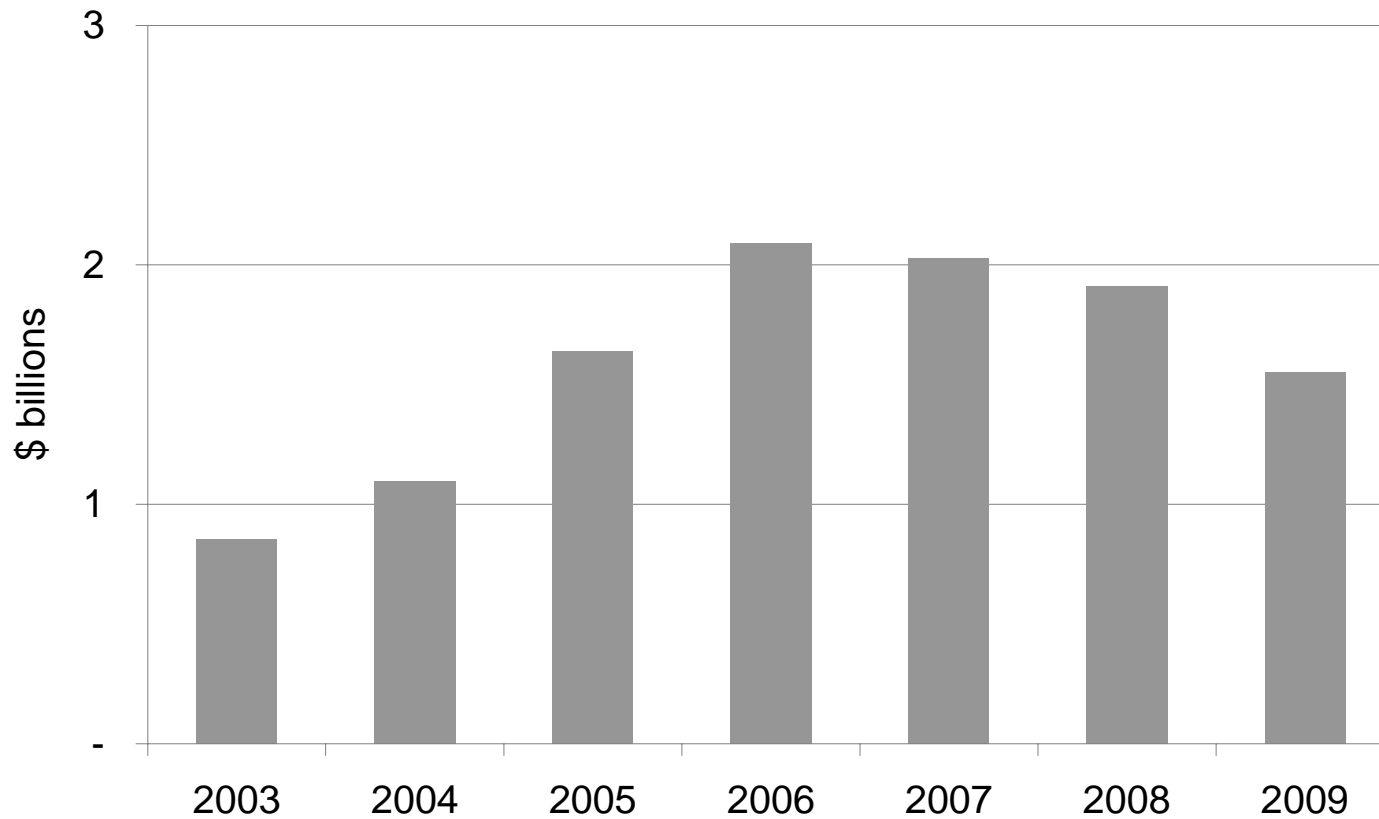
Western Pacific revenue growth

Western Pacific revenue has grown by an average of 31% p.a. since 2003



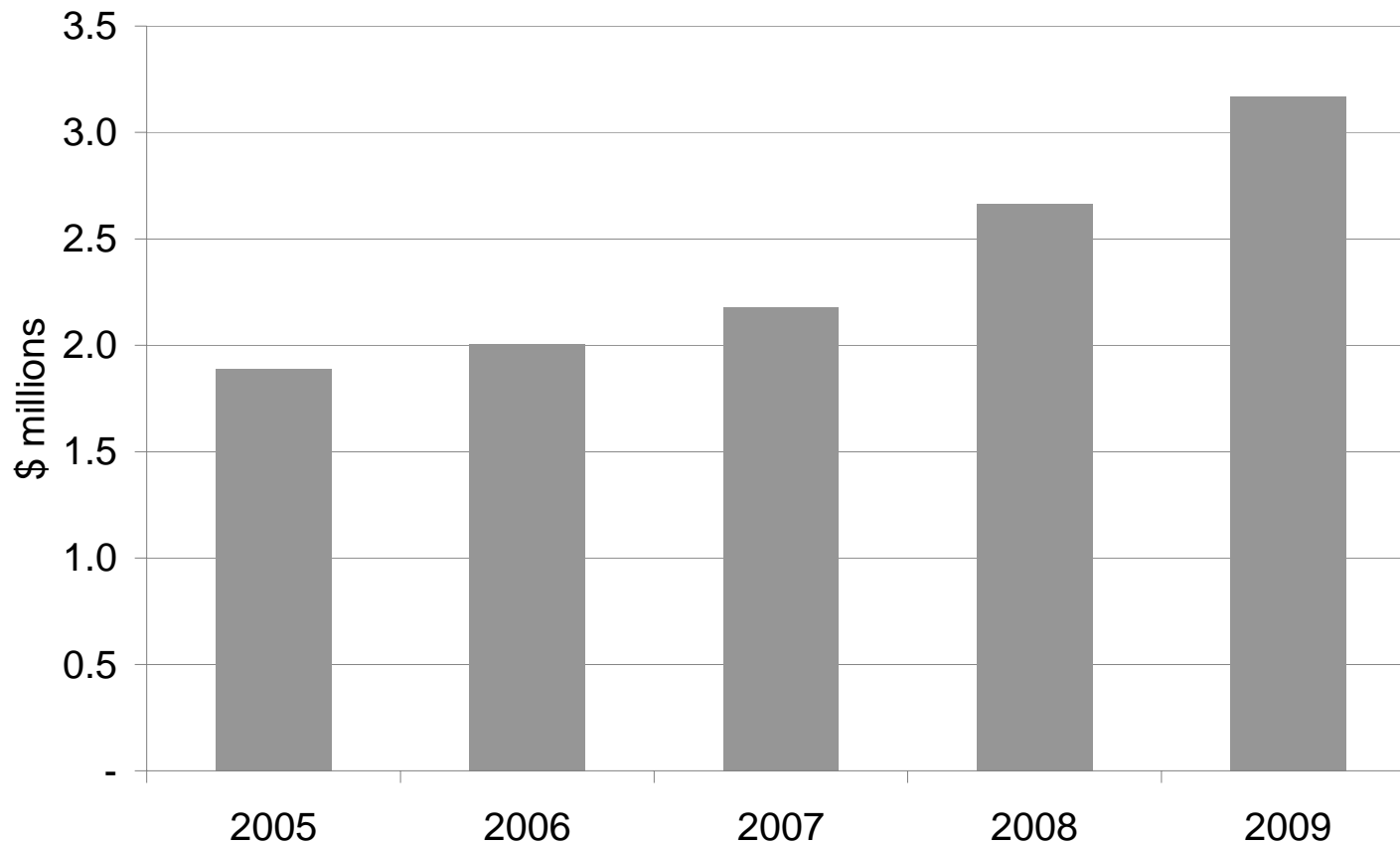
Western Pacific FUA growth

Western Pacific FUA has grown by an average of 10% p.a. since 2003



Accounting revenue growth

Accounting revenue has grown by an average of 14% p.a. since 2005



Note: Snowball announced on 29 July 2008 a merger of its accounting arm, OTAS, with Duncan Dovico Pty Ltd, effective 1 July 2008. The Group owns 31.8% of the merged entity, DDH, and the contribution to the group from DDH is similar to that provided by the Group's interest in OTAS as a stand-alone entity prior to the merger.

Our environment is changing

Snowball aims to be at the forefront in dealing with the industry changes

● Regulatory changes

- Pressure on fees
- Increased transparency
- Pricing models questioned

● Consumer sentiment

- Value for money
- Trust continues to be very important
- Consumer self direction and connection with their investments

● Investment markets

- Return dispersion, dynamic asset allocation, pricing of active management
- Emphasis on risk management

● Industry dynamics

- Increased competition coupled with external margin pressure
- Changing dynamics in the interplay of the value chain
- Relentless baby boomers; different mindset among their offspring

Big picture – still an attractive industry

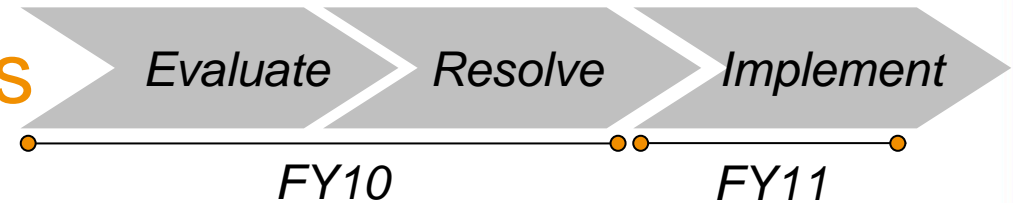
While the reforms will change how the industry is operated, wealth management remains fundamental to Australians

- Long-term FUM/FUA growth supported by mandated superannuation contributions
- Innate demand for advice and advisers (age & complexity)
- Low capital requirements and intensity
- Strong cash flow generation enhancing ability to use leverage
- Significant horizontal and vertical consolidation opportunities – fragmented industry with over 18,000 financial advisers in Australia

Snowball's long term strategy was set with change in mind

- Founded as an advice specialist and as an alternative to “traditional” advice models
- Continued organic growth from 3 channels, Outlook, Western Pacific and accounting / SMSF JV
- Recruit selected additional advisers
- Wholesale our ‘owned’ advice model to affinity partners seeking advice services
 - Corporations
 - Credit Unions
 - Industry and public sector funds
- Acquisitions and mergers
 - As bolt-ons to existing distribution channels
 - As additional but complementary channels
 - Selective vertical integration (and horizontal)

FY10 strategic responses



Snowball is well placed to capitalise on the reforms and industry rationalisation

FY10 business initiatives – evaluation and resolve phase:

- Enhance our internal fund of fund management and investment research capability to assist in delivering more effective investment solutions and reduce costs for our clients, and provide control over more segments of the value chain to assist in lowering overall cost to consumers while maintaining our margins
- Improving our traditional portfolio management and administration offerings, to deal with all aspects of the mooted regulatory change
- Evaluating and deploying new administration platform technologies, to enhance our range of services and available investment options for clients
- Continuous business improvement by rolling out incremental enhancements to the existing “core business”, to further reduce our cost to income ratio
- Enhancing our internal insurance capability, to meet the growing demands of our clients whilst further growing and diversifying our revenue base

Outlook – specific operational initiatives

- Rolling out additional lead generation initiatives throughout our reservoirs and adopting a more pro-active role in accounting practice lead generation
- Adding to our existing reservoirs – additional resourcing for corporate and affinity partner teams
- Improving reporting for the tracking of lead generation & conversion
- In depth project to review and further enhance our client experience
- Improving our product and service offerings, including SMSF
- Increased focus on extracting insurance opportunities, including business risk

Western Pacific – specific operational initiatives

- Targeted new client acquisition and retention initiatives
- Development of tools to enhance business partner relationships and referral arrangements
- Streamlining and applying best practice methods to back office support services and processes
- Re-organised support services to improve engagement between Snowball group services and Western Pacific practices

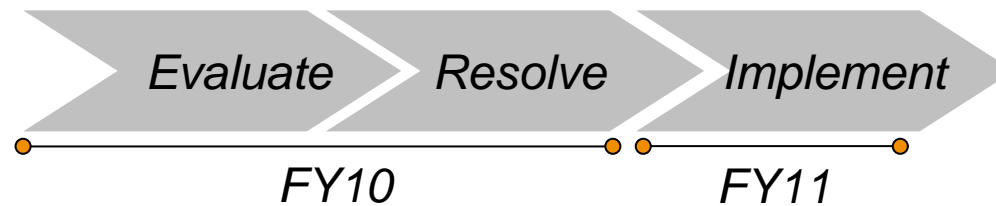
Accounting, SMSF – specific operational initiatives

- Increased integration between accounting business and advice business
- Enhancements to SMSF administration and compliance service
- Enhancements to HNW offer among accounting and SMSF client base

FY10 performance update

- Overall, our key performance indicators are in line with our expectations:
 - FUA has increased by around 9% since June 2009, given diversified portfolios
 - Financial planning revenue in line with budget YTD
 - Maintained tight cost control resulting in operational expenses in line with budget YTD
 - FY10 Operating EBITDA on track to achieve our internal targets
- Corporate superannuation and insurance revenue up considerably on FY09, providing further diversification benefits to the groups' revenue streams
- Redemption rates have **decreased** noticeably on FY09, a testament to Snowball's 'client centric' approach and continued focus aimed at enhancing the client experience
- Businesses acquired in FY09 are performing broadly in line with expectations

Looking forward



- Actively deliver on our stated strategic initiatives to respond to the changing industry environment without losing “core business” momentum
- Continue to cautiously pursue inorganic growth opportunities
- Review and develop other initiatives to enhance company value:
 - Branding strategy
 - Long term funding requirements to support future growth
 - Composition and liquidity of the company’s share register